

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

June 19, 2019

MOTOR CARRIER MATTER

☐

DOCKET NO.

2018-318-E

UTILITIES MATTER

☒

ORDER NO.

SUBJECT:

[DOCKET NO. 2018-318-E](#) - Application of Duke Energy Progress, LLC for Adjustments in Electric Rate Schedules and Tariffs - Staff Presents for Commission Consideration Duke Energy Progress, LLC's Petition for Rehearing or Reconsideration of Commission Order No. 2019-341, Office of Regulatory Staff's Petition for Reconsideration and Clarification, and South Carolina Energy Users Committee's Petition for Rehearing or Reconsideration.

COMMISSION ADVISED

We have received three timely Petitions for Rehearing or Reconsideration: one each from Duke Energy Progress, the Office of Regulatory Staff, and the South Carolina Energy User's Committee. I will briefly address my proposed action, with the understanding that the Commission will issue a full order explaining the rulings in more detail. To the extent that I propose upholding the Commission's original rulings, I move that we find there is substantial evidence in the entire record to support our findings of fact and conclusions of law.

I would like to begin with the Energy Users' petition. It raises two points for reconsideration or rehearing: the treatment of recovery for the coal ash remediation costs at H.B. Robinson plant and the Real Time Pricing rates available on the relevant tariff. I move that we decline to change our ruling on either of these two points. The clean-up costs incurred at H.B. Robinson are pursuant to an agreement between the South Carolina DHEC and the Company. The Real Time Pricing tariff is, as the Company explains, a voluntary tariff based on the Company's system production costs and are not intended to be a proxy for wholesale market-based pricing.

I move that we take the following action regarding the Office of Regulatory Staff's petition:

1. Clarify DEP's allowable rate base and net income for return. After adjustments made on reconsideration which I will address later in my motion, the allowable rate base is \$1,477,356,000, and the net income for return is \$103,271,000.
2. Clarify that the Company, for purposes of this rate case, is to use the Cost of Service Study presented by the Company to allocate all revenues, expenses, and rate base items and to design rates for all customer classes, unless otherwise specified by the Commission.
3. Clarify that the Commission intended to order a 75% disallowance of the \$351,000 of Lynn Good's executive compensation allocated to South Carolina ratepayers – a net allowance of \$88,000, rounded, with all attendant adjustments as recommended by the ORS in its petition.
4. Disallow the \$178,000 of non-allowable expenses remaining in dispute. I would reiterate that we will hold a proceeding to further clarify what treatment is appropriate for these types of expenses.

5. I move that we correct a clerical error; DEP accounting Order No. 2018-553, not Order No. 2018-552 should be declared null and void.
6. Clarify that the AMI deferral continuation sought by the Company is granted, subject to the deferral treatment outlined in section IV.K of the Order.
7. Correct section IV.L of the Order to include Adjustment #18. The remainder of the coal ash deferral not addressed in section IV.B of the Order, including the non-Asset Retirement Obligation amount, should be afforded the same treatment as ordered in section IV.K of the Order.
8. Explicitly approve the Grid Modernization Deferral, as stipulated between the ORS and the Company.
9. I move that we decline to rehear or reconsider the sufficiency of notice issue. I move that we find the notice that was issued to be sufficient under due process considerations.

I move that we take the following action regarding DEP's petition:

1. Decline to rehear or reconsider the Commission's decision on Coal Ash Costs.
2. Decline to rehear or reconsider deferral treatments specified in the DEP petition, to include Adjustments: 17, 18, 19, 30, and 35.
3. Decline to rehear or reconsider the 9.5% approved Return on Equity.
4. Decline to rehear or reconsider Coal Ash Litigation Expenses, Adjustment 36.

Upon further reflection, I move that we do reconsider the treatment of CertainTEED litigation costs. The Company's decision to defend itself and to enter into the settlement was a strategic, reasonable, and prudent decision, and a decision that had a net benefit to ratepayers of \$50 million. Therefore, the CertainTEED litigation cost adjustment of \$830,000 should be recoverable.

PRESIDING: Randall

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
BELSER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ERVIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WILLIAMS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(SEAL)

RECORDED BY: J. Schmieding

